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*Via Facsimile – (415) 703-1758
and U.S. Mail*

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Michael Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

I note that you appeared on Friday, July 11th, in San Diego to herald the announcement by San Diego Gas & Electric of its proposal to build and own up to 70 megawatts of tracking photovoltaic installations. Both your appearance and remarks raised serious issues for consumers.

As you will eventually rule upon the appropriateness of this proposal when it comes before the California Public Utilities Commission, I know that your appearance could not have signaled pre-approval of a project whose details had not yet arrived at the PUC. We look forward to your careful consideration of this project.

On another matter, I found it disturbing to hear a report of your remarks at the SDG&E press conference. According to this report, you said this about SDG&E and the renewable mandate: “I hope SDG&E will make it by contract. It won’t make it by delivery for a lot of reasons.”

The PUC is responsible, of course, for implementation and enforcement of the renewable portfolio standard. In numerous rulings and decisions, the Commission has emphasized that it intends to hold utilities responsible for complying with the 20 percent by 2010 mandate. I sincerely hope your comments are not misinterpreted to indicate any weakening of the PUC’s intent to enforce the mandate.

Furthermore, in my role as City Attorney, I am charged with enforcement of our franchise agreement with SDG&E. The agreement requires the utility to comply with all state laws. I intend to enforce this agreement rigorously.

I am concerned, however, that the news event orchestrated by SDG&E seemed designed to deflect attention from the very serious task that lies before the utility, namely, its effort to comply with California's 20 percent by 2010 renewable energy mandate.

As you know from SDG&E's filings, the utility is currently deriving just 6 percent of its electricity from renewable sources. That level is far below what has been achieved by the state's two other investor-owned utilities. As you also know, Sempra Energy, SDG&E's parent company, told investors earlier this year that the utility is "unlikely" to meet the state mandate.

SDG&E's experts have also testified that it does not require the Sunrise Powerlink to reach the 20 percent by 2010 level. In fact, Stirling Energy Systems, with whom SDG&E has contracted for more than 40 percent of its renewable energy obligation, says it can build and deliver electricity from the 300-megawatt phase of its project without the new transmission line.

Given this information, and given the sense of urgency I'm certain you share regarding California's renewable energy initiative and the problem of global warming; I believe it is essential that SDG&E *continue* to make all reasonable efforts to comply with the 20 percent by 2010. I also believe that it is too early to conclude that SDG&E cannot fulfill this mandate.

In a related matter, I have attached a copy for your review of a recent report from this office that concluded SDG&E's efforts to comply with the renewable mandate to this point have been "incomplete at best and intentionally compromised at worst."

While SDG&E's announcement last week was a small step in the right direction, it must be viewed in the larger context of the utility's inadequate efforts to satisfy the renewable mandate over more than five years since it was created.

I hope you can take the time to review this report. I hope as well that the PUC will continue to insist on rigorous enforcement of the renewable standard.

Finally, I wanted to offer a belated thank you for our meeting in Borrego Springs, prior to the Sunrise Powerlink hearing in May. I look forward to further communication.

Very truly yours,

Michael J. Aguirre
San Diego City Attorney

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cc: San Diego Mayor Jerry Sanders
San Diego City Councilmembers